



# NEWS RELEASE

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CALIFORNIA STATE TREASURER PHIL ANGELIDES

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CONTACT: Dan Newman  
(916) 653-4052

## **TREASURER ANGELIDES WINS CALPERS APPROVAL OF NEW ENERGY EFFICIENCY PLAN, MARKING NEXT STEP IN “GREEN WAVE” ENVIRONMENTAL INVESTMENT INITIATIVE**

*Treasurer’s Plan Would Reduce Energy Usage in Pension Fund’s Buildings by  
20 Percent, Save \$29 Million Annually in Energy Costs, Create 3,000 Jobs*

SACRAMENTO, CA – The California Public Employees’ Retirement System (CalPERS) today took the next step in implementing State Treasurer Phil Angelides’ *Green Wave* environmental investment initiative, setting a goal to reduce energy usage in its \$7.9 billion, 144 million square-foot core real estate holdings by 20 percent within five years.

Like the rest of the Treasurer’s *Green Wave* initiative, the energy efficiency proposal is aimed at achieving stronger returns for the State’s pension funds, in this instance by reducing the funds’ costs to operate their buildings. Under the Treasurer’s plan, the pension funds will see financial gains with the added benefits of lower energy consumption, a cleaner environment, and more jobs.

“With energy prices on the rise and no end in sight, CalPERS has seized a great opportunity to reduce energy costs while protecting our environment and boosting our economy,” Angelides said. “With this action, CalPERS – as a major real estate holder and the nation’s largest public pension fund – has set a high standard for improved energy efficiency in the whole real estate marketplace.”

Under the Treasurer’s plan approved today, CalPERS will launch a focused effort to achieve the 20 percent energy reduction. Working with its real estate partners, CalPERS will assess the current energy use of the properties it owns, identify buildings where investments in energy efficiency can yield positive returns, and design retrofit programs to capture those energy and cost savings.

Angelides proposed the 20 percent energy reduction goal to CalPERS and the California State Teachers’ Retirement System (CalSTRS) on November 10. The Treasurer’s Office has estimated that it will require an investment by CalPERS of approximately \$142 million to retrofit the pension fund’s core real estate portfolios to meet the new 20 percent reduction goal. By doing so, the pension fund would save an estimated \$29 million annually in energy costs, achieving a five-year payback of the pension fund’s investment and an internal rate of return of approximately 14 percent on that investment

over 10 years. This investment would also create approximately 3,000 jobs and reduce energy demand by 52 megawatts, enough power to supply more than 35,000 homes.

The Treasurer first launched his *Green Wave* environmental investment initiative for CalPERS and CalSTRS in February. The initiative, designed to bolster financial returns, create jobs and clean up the environment, has four prongs:

- Committing private equity investments to firms that are developing the “clean” environmental and energy technologies of the future.
- Investing a portion of the pension funds’ stock portfolios in environmentally screened funds.
- Using the pension funds’ clout in the marketplace to prod companies to provide robust reporting to shareholders of their environmental practices, risks, and potential liabilities.
- Boosting the systems’ real estate returns by improving the energy efficiency of the buildings in their portfolios.

CalPERS’ action today marks the latest step by CalPERS and CalSTRS to implement the Treasurer’s *Green Wave* initiative. CalSTRS agreed to implement the 20% energy usage reduction for its real estate holdings on December 1. The two funds have also committed a combined \$450 million to private equity investment in cutting-edge environmental technology and renewable energy, and CalPERS has agreed to invest up to \$500 million in environmentally screened stock funds that have a track record of meeting or exceeding returns of the fund’s existing stock managers.

Visit the State Treasurer’s Office website ([www.treasurer.ca.gov](http://www.treasurer.ca.gov)) to learn more about the Treasurer’s *Green Wave* initiative.